

Minutes and Informal Instructions of the Open Meeting of
Thursday, June 5, 2008
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5-UI-115 – Investigation into the Adoption and Achievement of Increased Conservation and Energy Efficiency Goals

1-IC-400 – Application for Intervenor Compensation Filed by Citizens' Utility Board for \$35,600 to Participate in Docket 5-UI-115

The Commission approved the request filed on behalf of the Joint Public Intervenor (Citizens' Utility Board, Clean Wisconsin and RENEW Wisconsin) for \$35,600 in intervenor compensation.

The Commission directed the Gas and Energy Division to draft an order consistent with this decision.

5-UI-116 – Investigation to Develop and Analyze Alternative Electric and Natural Gas Rate Design and Load Management Options which have the Potential to Reduce Emissions of Greenhouse Gases

1-IC-401 – Application for Intervenor Compensation Filed by Citizens' Utility Board for \$36,800 to Participate in Docket 5-UI-116

The Commission approved the request filed on behalf of the Citizens' Utility Board, RENEW Wisconsin and Clean Wisconsin for \$36,800 in intervenor compensation.

The Commission directed the Gas and Energy Division to draft an order consistent with this decision.

5-UI-114 – Investigation on the Commission's Own Motion Regarding Innovative Utility Ratemaking Approaches that Promote Conservation and Efficiency Programs by Removing Disincentives that May Exist Under Current Ratemaking Policies

1-IC-402 – Application for Intervenor Compensation Filed by Citizens' Utility Board for \$32,000 to Participate in Docket 5-UI-114

The Commission approved the request filed on behalf of the Joint Public Intervenor (Citizens' Utility Board, Clean Wisconsin and RENEW Wisconsin) for \$32,000 in intervenor compensation.

The Commission directed the Gas and Energy Division to draft an order consistent with this decision.

PUBLIC SERVICE COMMISSION OF WISCONSIN

Memorandum

May 16, 2008

FOR COMMISSION AGENDA

TO: The Commission

FROM: Robert Norcross, Administrator
Thomas Ferris, Docket Coordinator
Gas and Energy Division

Gordon Grant, Assistant Administrator
Division of Administrative Services

RE: Investigation on the Commission's Own Motion Regarding
Innovative Utility Ratemaking Approaches that Promote
Conservation and Efficiency Programs by Removing
Disincentives that May Exist Under Current Ratemaking
Policies

Application for Intervenor Compensation filed by Citizens'
Utility Board for \$32,000 to Participate in Docket 5-UI-114

5-UI-114

1-IC-402

Suggested Minute: The Commission (approved/modified/denied) the request of the Joint
Public Intervenors for \$32,000 in Intervenor Compensation.

On February 19, 2008, Governor Doyle's Global Warming Task Force released an interim report. The Task Force recommended that the Public Service Commission of Wisconsin (Commission) open a proceeding to analyze potential disincentives to utility support for energy conservation and energy efficiency initiatives, and if appropriate, take steps necessary to address such disincentives.

On April 3, 2008, the Commission issued a Notice of Investigation in docket 5-UI-114 on its own motion regarding innovative ratemaking approaches that promote conservation and efficiency programs by removing disincentives that may exist under current ratemaking policies.

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On May 13, 2008, the Citizens' Utility Board (CUB), along with Clean Wisconsin, and RENEW Wisconsin, filed requests to intervene in docket 5-UI-114.

CUB, Clean Wisconsin, and RENEW Wisconsin propose to work together in docket 5-UI-114 as Joint Public Intervenor (JPI) to provide the Commission with information and expert comments on the economic, environmental, and public interest issues associated with this investigation. At this time, the JPI request is based on its assumption that Commission staff will issue a request for comments from interested parties on whether existing ratemaking policies create disincentives for utility investment in conservation and efficiency programs, and if so, whether there are cost-effective and equitable ratemaking approaches that can remove those disincentives. Therefore, this request for intervenor compensation is premised on the investigation not being a 'contested' case requiring the filing of expert testimony and legal briefs.

JPI requests intervenor compensation in the amount of \$32,000 to fund its participation in docket 5-UI-114, as set forth below.

Intervenor/Consultant	Hours	Cost
CUB @\$75 per hour	38	\$2,850
Clean Wisconsin @\$75 per hour	38	2,850
RENEW Wisconsin @\$75 per hour	38	2,850
Cullen, Weston, Pines, & Bach @\$175 per hour	62	10,850
George Edgar @\$150 per hour	84	12,600
Total Request		\$32,000

Eligibility for Compensation

Wis. Admin. Code § PSC 3.02 (1) establishes five conditions for determining eligibility to receive intervenor compensation. Under that rule, a person seeking compensation must meet all of the following conditions:

- PSC 3.02** (1) (a) A customer of the utility which is the subject of the proceeding; or someone who may be materially affected by the outcome of the proceeding.
- (b) Someone for whom full intervention in the proceeding would cause significant financial hardship without compensation from the Commission.
- (c) Someone who represents an interest material to the proceeding, which but for award of compensation would not be adequately represented.
- (d) Someone whose interest must be represented for a fair determination in the proceeding.
- (e) Someone who has been granted full party status and who will participate in the proceeding as a full party.

The JPI believe that a joint intervention in this proceeding by representatives of the major state organizations that advocate for ratepayer and environmental protection and the development of a sound energy policy is the most efficient and cost-effective way of presenting a collective public analysis of the issues presented in docket 5-UI-114. This joint intervention eliminates the need for three separate applications for intervenor compensation and the duplicative costs those requests for funding would include.

Commission Staff Analysis

To present information to the Commission in this investigation, JPI propose to utilize the legal services of Cullen, Weston, Pines, & Bach (CWPB) to facilitate the development of JPI's comments and to analyze the positions taken in this investigation by other interested parties. The JPI also proposes to utilize the expert consulting services of Mr. George Edgar of the Wisconsin Energy Conservation Corporation.

Through the expertise provided by Mr. Edgar, JPI proposes to respond to requests for comments in docket 5-UI-114. On behalf of JPI, Mr. Edgar would address at least the following topics as well as respond to the comments of other intervenors in this proceeding:

1. The nature and scope of any short-term and/or long-term disincentives for energy efficiency for regulated utilities (electric and natural gas) with particular focus on Wisconsin;
2. Potential options proposed to mitigate or address such disincentives;

3. The potential need for positive incentives for energy efficiency beyond just removing any disincentives;
4. Specific potential frameworks, including experience in other jurisdictions, on the design of mechanisms and policies to address utility disincentives for energy efficiency (including that of a third party energy efficiency administrator); and
5. The ultimate issues raised by policies to mitigate utility disincentives or to provide positive incentives for energy efficiency by regulated utilities.

Mr. Edgar will include in his comments how other states have considered these Issues.

CUB, Clean Wisconsin, and RENEW, will meet with the JPI attorney and consultants to review existing ratemaking policies that may discourage utilities from implementing their own energy conservation and efficiency programs or their support for statewide programs. JPI will examine the consumer and environmental implications of new ratemaking policies that may remove any disincentives found in existing policies. If JPI determines that new ratemaking policies are necessary to remove disincentives for investment in energy conservation and efficiency programs, it will develop principles that would guide the design of any new ratemaking policy to insure that ratepayers and the environment would benefit by the adoption of such a policy and that the policy would promote reliable, affordable, and sound utility service. Comments would be prepared for the Commission describing JPI's position on the need for, or lack thereof, of new ratemaking policies to encourage utility investment in energy conservation and efficiency, and if JPI's position is that new policies should be adopted to remove disincentives, the comments would describe the policy approach(es) that would result in ratepayer and environmental benefits.

JPI also proposes to review comments of other interested parties on the need for, or lack thereof, of new ratemaking policies to encourage utility investment in energy conservation and efficiency. JPI would analyze any new policy approach(es) proposed by other interested parties to determine their potential impact on ratepayers and the environment and prepare comments for the Commission describing JPI's positions on other interested parties' comments or proposals.

JPI also anticipates that it would attend meetings with Commission staff and/or interested parties to discuss positions and proposals regarding the need for, or lack thereof, for new ratemaking policies to encourage utilities to invest in energy conservation and efficiency programs.

The JPI budget for this intervenor request is shown above with hours and cost by intervenor or consultant.

It is the intent of the Commission to seek comments from any interested parties regarding a list of questions. Commission staff will then prepare a memorandum to the Commission discussing the issues and summarizing the comments. This memorandum will then be sent out to the interested parties for further comments prior to submission of the memorandum to the Commission.

As a result of this proposed process, the intervention of JPI should not duplicate the work of Commission staff nor any other party. If the Commission determines that the intervention of JPI is necessary to provide a complete discussion of the issues in this proceeding, the Commission could find that the estimated hours are excessive or that the combined estimated hours for CUB, Clean Wisconsin, and RENEW Wisconsin represents duplication.

Commission Alternatives

Commission staff offers three alternatives for the Commission to consider regarding this application:

Alternative One: The Commission could approve JPI's full request of \$32,000 if it believes that JPI's involvement will provide another valuable perspective on the issues it proposes to address in this proceeding.

Alternative Two: The Commission could approve the request for intervenor compensation, but modify the amount to reduce the number of hours estimated or to eliminate any duplication as a result of having three parties addressing the same perspective on the issues.

Alternative Three: The Commission could deny JPI's request for intervenor compensation entirely. The Commission could choose this alternative if it believes that JPI's involvement will not provide another valuable perspective on the issues it proposes to address in this proceeding.

Intervenor Compensation Fund Status

The Commission has \$289,410 in funding remaining for compensation awards for FY 2008, ending on June 30, 2008. CUB has filed five requests for funding for five different cases, including this one. If the CUB's request of \$225,135 for all cases is approved then a total of \$64,275 will remain available in the fund. Beginning on July 1, 2008 (FY 09), a new appropriation of \$750,000 will be available for intervenor funding. Attachment one shows the fund actions for the entire fiscal year.

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Attachment

**FISCAL YEAR 2008
INTERVENOR FINANCING REPORT**

Attachment 1

Intervenor Docket #	PSC Docket #	INTERVENOR	PO No.	Date Rqstd	Amount Rqstd	Amount Appvd		
1-IC-386	137-CE-146	Citizens for Responsible Energy		5/30/2007	54,850	WITHDRAWN		
1-IC-389	137-CE-146	Hillside Heights Neighborhood Assoc.		6/13/2007	16,573	12,000		
1-IC-383 Supl. 1	6680-CE-171	Citizens Utility Board		7/9/2007	5,335	5,335		
1-IC-390	4220-UR-115	Citizens Utility Board		7/21/2007	25,395	25,395		
1-IC-391 Amended	05-UR-103	Clean Wisconsin		8/20/2007	55,265	20,000		
1-IC-392	05-UR-103	RENEW Wisconsin		8/7/2007	4,800	4,800		
1-IC-393	6630-CE-299	Citizens Utility Board		8/30/2007	159,198	120,000		
1-IC-394	6680-CE-170	Citizens Utility Board		2/21/2008	117,380	99,960		
1-IC-395	6680-CE-170	Clean Wisconsin		2/22/2008	151,160	101,000		
1-IC-396	6680-CE-170	RENEW Wisconsin		2/25/2008	32,000	10,000		
1-IC-386 Supl.1	137-CE-146	Hillside Heights Neighborhood Assoc.		3/6/2008	7,720	Denied		
1-IC-397	05-TI-1777	Citizens Utility Board		3/31/2008	62,100	62,100		
1-IC-398	6690-UR-119	Citizens Utility Board		5/15/2008	51,120	PENDING		
1-IC-399	6680-UR-116	Citizens Utility Board		5/15/2008	69,615	PENDING		
1-IC-400	05-UI-115	Citizens Utility Board		5/15/2008	35,600	PENDING		
1-IC-401	05-UI-116	Citizens Utility Board		5/15/2008	36,800	PENDING		
1-IC-402	05-UI-114	Citizens Utility Board		5/15/2008	32,000	PENDING		
1-IC-403	05-TI-1777	TeleTruth WI		5/20/2008	40,285	PENDING		

Totals to Date

957,196

460,590

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BUDGET

\$ 750,000

UNALLOCATED REMAINING

\$ 289,410

TOTAL PENDING CASES FROM ABOVE

\$ 265,420

REMAINING FUNDING IF PENDING APPROVED

\$ 23,990